(c) and (d) There are well defined procedures for award of contracts in the Steel Authority of India Limited (SAIL) steel plants. These are awarded to the lowest, technically acceptable tenderer(s) after following the procedure laid down for the purpose. As such there is no question of by- passing public sector companies in such matters.

It is a fact that certain representations were received by Government on behalf of a PSU regarding award of contract in Bokaro Steel Plant modernisation which have already been examined. Government are not aware of any resentment in Bokaro in this regard.

Promoting Sponge Iron as Industry

3354. SHRI GOVINDRAO ADIK: Will the Minister of STEEL be pleased to state:

(a) whether Government are promoting Sponge Iron as an Industry, if so, the details thereof;

(b) what will be the installed production capacity of Sponge Iron by the end of the Eighth Five Year Plan for coal based and gas-based plants and the production targets for 1994-95;

(c) whether Sponge Iron production is far below the installed capacity in both the coal and gas based plants, if so, the reasons thereof;

(d) what is its total requirement and whether production meets the demand, if not, the steps taken to come upto the level;

(e) whether Government propose to involve private entrepreneurs in the production of Sponge Iron, if so, the details thereof; and

(f) what is the cost of production of Sponge Iron with the present duty structure as compared to the production cost in other countries and what steps Government propose to take to bring down the production cost particularly in the present juncture when the country is going global and is accelerating the process of liberalisation?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI SONTOSH MOHAN DEV): (a) to (e) Sponge Iron manufacturing units are primarily in the private sector. To promote the domestic sponge iron industry, manufacture of sponge iron was delicensed in 1985. In addition under the New Industrial Policy announced in July, 1991, sponge Iron was included in the list of high priority industries. The Budget for 1994-95 has inter-alia reduced customs duty on iron ore pellets from 15% to 10% and on non-coking coal from 85 % to 35 %. Customs duty on iron ore pellets was further reduced to 5% from 26.4.1994. The demand for sponge iron depends upon the total demand for mettalics. While the present installed capacity is sufficient to meet the present domestic demand, non-availability of the required grades of some of the major raw materials has tended to adversely affect production. It has been estimated by the Sponge Iron manufacturers Association (SIMA) that the production during 1994- 95 will be apprx. 4 million tonnes. After taking into account the projects under implementation, the expected installed capacity of sponge iron by the end of the VIII Five Year Plan will be 5.8 million tonnes.

(1) The production cost of sponge iron depends upon several factors such as location technology, quality of raw materials etc. The cost of production statistics are generally maintained in confidence by the units because of commercial considerations. However, SIMA has reported that the domestic sponge iron industry almost entirely uses indigenous and not imported raw- materials for production of sponge iron.

National Mineral Development Corporation Limited

3355. SHRI GHUFRAN AZAM: Will the Minister of STEEL be pleased to state:

(a) whetehr it is a fact that the National Mineral Development Corporation Limited has placed orders for procurement of 5.5 Cubic meter Hydraulic Excavator for Bailadila Dep. 14 at a price almost higher than the price of Bharat Earth Movers Limited's product and offers;

(b) whether the tender committee did not hold any negotiation with other parties including the Bharat Earth Movers Limited, a public sector company before deciding the particular tender;